

INTERNAL CONTROL QUESTIONNAIRE

NOTE: No answers may indicate an internal control weakness.

		<u>Yes</u>	<u>No</u>
1.	<u>General</u>		
a.	Are Accounting records updated, reconciled, and balanced monthly?	_____	_____
b.	Is a chart of accounts used?	_____	_____
c.	Does the Director use a budget system for monitoring revenue and expenses?	_____	_____
d.	Are cash projections made?	_____	_____
e.	Are monthly or quarterly financial reports available to the contractor's Board?	_____	_____
f.	Does the Board take a direct and active interest in the financial affairs and reports which are available?	_____	_____
g.	Is the Director satisfied that all employees are honest?	_____	_____
h.	Are accounting personnel required to take annual vacations?	_____	_____
i.	Are there written policies and procedures governing the accounting functions?	_____	_____
2.	<u>Cash Receipts</u>		
a.	Does the Bookkeeper open the mail?	_____	_____
b.	Does the Secretary list mail receipts before turning them over to the bookkeeper? _____	_____	_____
c.	Is the listing subsequently traced to the cash receipts journal?	_____	_____
d.	Are over-the-counter receipts controlled by prenumbered counter receipts, etc.?	_____	_____
e.	Are receipts deposited intact daily?	_____	_____
f.	Are employees who handle funds bonded?	_____	_____
g.	Is the bank reconciliation and the bank deposits performed by two different people?	_____	_____
3.	<u>Cash Disbursements</u>		
i.	Are all disbursements made by check?	_____	_____
j.	Are prenumbered checks used?	_____	_____
k.	Is a controlled mechanical check protector used?	_____	_____
l.	Does the Board authorize the check signers?	_____	_____
m.	Does the authorized signer sign checks only after they are properly completed?	_____	_____
n.	Does the signer approve and cancel the documentation in support of all disbursements?	_____	_____
o.	Are all voided checks retained and accounted for?	_____	_____
p.	Does the Director or designee review the bank reconciliation?	_____	_____
q.	Is the bank reconciliation and check writing performed by two different people?	_____	_____
4.	<u>Accounts Receivable</u>		
a.	Are billings prenumbered and controlled?	_____	_____
b.	Are Accounts Receivable Sub-ledgers reconciled to General Ledger balances on a monthly basis?	_____	_____
c.	Are Accounts Receivable Sub-ledgers maintained by someone having no access to the cash handling or deposit functions?	_____	_____
d.	Are monthly statements sent to all Clients?	_____	_____
e.	Does the Director or designee periodically review accounts receivable aging reports?	_____	_____
f.	Do client account adjustment/writeoffs have approval at the proper level of management?	_____	_____
g.	Are controls in place to ensure all services rendered are properly billed to recipient?	_____	_____
h.	Are adequate policies in place to ensure effective collection and follow-up of past due accounts?	_____	_____
i.	Are controls in place to ensure proper application of cash receipts to client accounts?	_____	_____

5. Petty Cash Funds

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|----|--|-------|-------|
| a. | Is an imprest petty cash fund used? | _____ | _____ |
| b. | Is one person independent of accounting procedures solely responsible for maintaining the petty cash fund? | _____ | _____ |
| c. | Are petty cash vouchers: | | |
| 1. | Required for each petty cash disbursement? | _____ | _____ |
| 2. | Prenumbered? | _____ | _____ |
| 3. | Signed by the recipient? | _____ | _____ |
| 4. | Executed in ink? | _____ | _____ |
| 5. | Canceled after use? | _____ | _____ |
| d. | Are there written policies that cover limitations on the amount of disbursement, approval requirements and other restrictions? | _____ | _____ |
| e. | Are vouchers and supporting documents checked by a responsible employee at the time of the reimbursement? | _____ | _____ |
| f. | Are reimbursement checks made payable to the petty cash custodian? | _____ | _____ |
| g. | Are disbursements posted to appropriate expense classifications when the fund is replenished? | _____ | _____ |
| h. | Are surprise counts made at reasonable intervals? | _____ | _____ |
| i. | Are loans and personal check cashing activities strictly prohibited? | _____ | _____ |
| j. | Is the Petty Cash imprest amount periodically reviewed for reasonableness? | _____ | _____ |
| k. | Are discrepancies in the Petty Cash Reconciliation adequately investigated and resolved? | _____ | _____ |
| l. | Is supporting documentation required to be submitted with the petty cash voucher prior to disbursement of petty cash funds to the requestor? | _____ | _____ |

6. Inventories

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|----|--|-------|-------|
| a. | Is the person responsible for inventory someone other than the bookkeeper? | _____ | _____ |
| b. | Are periodic physical inventories taken? | _____ | _____ |
| c. | Is there physical control over inventory stock? | _____ | _____ |
| d. | Are perpetual inventory records maintained? | _____ | _____ |
| e. | Are reorder points established for key stock items? | _____ | _____ |
| f. | Are inventories maintained at a level as to avoid consistent stock-outs, or spoilage/obsolescence? | _____ | _____ |
| g. | Are stock item activity reports maintained for each stock item? | _____ | _____ |
| h. | Has an acceptable inventory valuation method been adopted? | _____ | _____ |
| i. | Are all inventory transactions evidenced by the proper supporting documentation, i.e., purchase orders, requisitions, adjustment memos, physical counts, etc.? | _____ | _____ |
| j. | Are stock items monitored for obsolete/slow moving items? Are obsolete items removed from inventory and written off, and an attempt made to sell for scrap? | _____ | _____ |

7. Property Assets

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|----|---|-------|-------|
| a. | Are adequate asset listings detailing description, location, asset number, serial number, cost, depreciation allowances and net book values maintained and reviewed by management? | _____ | _____ |
| b. | Are all assets tagged, and assigned a unique asset number which is traceable to the above referenced asset listing? Are all assets owned by ADHS, in possession of the contractor included on this listing? | _____ | _____ |
| c. | Are procedures in place to ensure that asset additions, disposals, retirements, replacements, and transfers are properly accounted for? | _____ | _____ |
| d. | Is there adequate security over capital assets? | _____ | _____ |
| e. | Are capital asset purchases approved by the appropriate level of management? | _____ | _____ |
| f. | Is an annual physical inventory of equipment taken as a control over assets? | _____ | _____ |

8. Accounts Payable and Purchases

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|----|---|-------|-------|-------|
| a. | Are purchase orders used? | _____ | _____ | _____ |
| b. | Does someone other than the bookkeeper always do the purchasing? | _____ | _____ | |
| c. | Is the "Receiving " function independent from the procurement and accounts payable functions? | _____ | _____ | |
| d. | Are suppliers' monthly statements compared with recorded liabilities regularly? | _____ | _____ | |
| e. | Are suppliers' monthly statements checked by the Director periodically if disbursements are made from invoice only? | _____ | _____ | |
| f. | Are items invoiced compared to purchase order in regard to price and quantity? | _____ | _____ | |

9. Payroll

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|----|--|-------|-------|
| a. | Are time and attendance records maintained? | _____ | _____ |
| b. | Does the appropriate supervisor examine and approve the time cards for accuracy? | _____ | _____ |
| c. | Is there proper separation of duties so that persons preparing the payroll do not perform other payroll duties or have access to other payroll data or cash? | _____ | _____ |
| 1. | Is timekeeping separated from the payroll preparation? | _____ | _____ |
| 2. | Are payroll checks/envelopes distributed by someone other than a person involved in the direct payroll function? | _____ | _____ |
| d. | Are all clerical operations in payroll preparation double checked before payment is made? | _____ | _____ |
| e. | Are payrolls approved by a responsible official prior to payment? | _____ | _____ |
| f. | Are all employees paid by check? | _____ | _____ |
| g. | Is the payroll account reconciled by an employee who does not prepare the payroll, sign checks or handle the pay offs? | _____ | _____ |